

Student Loan Debt Relief

Many student loan borrowers have an opportunity to have their entire student loans cancelled or receive more credit towards cancellation. But there is an impending deadline that requires immediate action from certain borrowers who have student loans. While any borrower is potentially eligible, older borrowers are more likely to need to take immediate action because of the types of loans these borrowers frequently have. We need your help in getting these borrowers the information they need so that they can get their loans cancelled as soon as possible.

WHAT: The U.S. Department of Education (ED) will be conducting a one-time payment count adjustment. Specifically, ED will give borrowers credit towards loan cancellation through its Income Driven Repayment program (IDR) for repayment periods since July 1, 1994, and for certain deferments and forbearances. IDR programs result in loan cancellation after 20 or 25 years of eligible payments; the account adjustment will ensure borrowers receive credit for the maximum number of eligible payments based on their loan history. This program has already resulted in cancellation of loans for more than 800,000 borrowers. In addition, IDR plans can make monthly payments more affordable by capping monthly payments based on borrowers' income and family size, not loan balances.

Most federal student loans qualify for at least one IDR plan and federally held loans will automatically be subject to the pay count adjustment. However, some loans aren't eligible for these programs unless consumers take further action, and the borrowers who have these loans are the ones we are now trying to reach.

WHO: ED will apply the account adjustment to most federally held student loans. However, consumers who have certain types of loans must first consolidate their loan into a Direct Consolidation loan to maximize the effect of the account adjustment. These loans include

- Parent PLUS,
- Commercially managed Federal Family Education Loan (FFEL),
- Perkins loans, and
- Health Education Assistance Loan (HEAL) Program loans.

WHEN: The one-time pay count adjustment will occur in Summer 2024. But borrowers who have non-federally held loans must consolidate their loans into a Direct-Consolidation Loan by APRIL 30, 2024.

ACTION PLAN FOR BORROWERS:

- Learn whether you have a loan that must first be consolidated into a Direct-Consolidation Loan to benefit from the account adjustment. To find out call ED at 1-800-433-3243 or go to studentaid.gov.
- If you have a one of the kinds of loans that requires consolidation, apply to consolidate your loan no later than April 30, 2024, at <https://studentaid.gov/loan-consolidation/>.
- To continue earning credit towards loan forgiveness after April 30, 2024, enroll in an IDR plan at <https://studentaid.gov/idr/>.

ACTION PLAN FOR ADVOCATES: Please help get the word out about the April 30, 2024, deadline. Feel free to use the language in this email. The CFPB is also happy to present a webinar to your members upon request.

ADDITIONAL RESOURCES:

Get more information about the one-time pay count adjustment	https://studentaid.gov/announcements-events/idr-account-adjustment
Learn about the benefits and disadvantages of consolidating a student loan	https://studentaid.gov/help-center/answers/article/pros-and-cons-of-consolidation
Find more information about student loan forgiveness	https://www.consumerfinance.gov/paying-for-college/student-loan-forgiveness/
Learn how to enroll in an Income Driven Repayment Plan	https://www.consumerfinance.gov/ask-cfpb/how-can-i-enroll-in-income-driven-repayment-en-2138/
Get help filling out consolidation forms	Call 1-800-4-FED-AID (433-3243)

Thank you,

Consumer Financial Protection Bureau

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